CALIFORNIA RICE COMMISSION

May 19, 2005

The Honorable Bill Thomas
U.S. House of Representatives
2208 Rayburn House Office Building
Washington, DC 20515

Dear Representative Thomas:

On behalf of the California rice industry, we write seeking your support for the Central American Free Trade Agreement (CAFTA). This agreement represents a number of opportunities for our industry as we strive to be internationally competitive.

In 2004, the CAFTA nations, including the Dominican Republic, stood as one of the top-5 regional markets for U.S. rice and the destination of 714,000 tons of rice exports. This represents 17% of all U.S. rice exports with a value of $184 million dollars making rice one of the most competitive and consequently one of the most sensitive commodities for the Central American and Dominican Republic negotiators. Despite their demands to be excluded from this agreement, our U.S. trade team recognized this important foothold for American producers as one that we could ill-afford to let slip away. By keeping rice in the final agreement, our negotiators succeeded in maintaining the comprehensive nature of CAFTA. From a California perspective, this means more domestic rice will be sold for export, bolstering prices here at home. Once the agreement is fully implemented, CAFTA will annually pump $90 million additional dollars into the U.S. rice industry.

Previous trade initiatives, approved by Congress over 20 years ago, were designed to bring stability to this fragile region in our own backyard. These agreements granted generous Central American access to the U.S. market for food and agriculture products, but failed to reciprocate equal opportunity to our producers. This one-way street ended and took us to a trade deficit with these six nations that reached over $750 million dollars in 2004. Additionally, the absence of a comprehensive free trade agreement with these countries has put U.S. rice growers at a disadvantage to their foreign counterparts. Our food and agriculture market share in the CAFTA-DR nations has fallen from 54 percent in 1995 to around 40 percent because of preferential trade agreements negotiated by these six nations with our direct competitors.

The California rice industry faces increasingly fierce competition from around the world. For future success in all parts of the world, we must first maximize our

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potential close to home. The Central American Free Trade Agreement presents that opportunity and we hope it will earn your support.

Sincerely,

CALIFORNIA RICE COMMISSION

Tim Johnson
President-CEO